

Finance Committee Meeting of Village Board  
Monday, June 25, 2012

APPROVED MINUTES

Call to order 6:05 p.m.

Village President David Pope, Trustee Robert Tucker, Trustee John Hedges, Trustee Glenn Brewer and Trustee Ray Johnson were present.

Also in attendance were Interim Village Manager Pavlicek, CFO Lesner, Dan Berg, Sikich, Village Clerk Powell

Craig Lesner began with an introduction of the presentation of the annual audit for the year ended December 31, 2011.

Dan Berg, a partner with Sikich, presented the CAFR and Management Letter with a review of the process that Sikich undertook to complete field work and prepare the audit.

Discussion was held on the General Fund balance (page 7) noting that \$1,735,425 is true balance after long term receivables and advances to Parking Fund are discounted. Staff was asked to check where 2-10 Chicago is listed in the Audit. Discussion continued on pages 8, 9 and 10 noting the operating statements with attention drawn to changes in fund balance - specifically there was a \$1.5 million change due to 2011 TIF Agreement.

The members of the Committee indicated a need for a special meeting on parking technology.

The Water Fund was discussed and noting that the financial position of the fund has worsened slightly.

President Pope asked about the relationship between the Water and Sewer Funds and if there are circumstances when the Water and Sewer Fund are combined into a single enterprise fund. Mr. Berg advised that they are combined in some municipalities. It was also discussed whether the Village has the option to have Sewer Fund contribute to debt service payments. Staff was asked to check Water Fund outstanding bond issues to determine if there are any Water Fund Revenue Bonds that would preclude a review of collapsing the Water and Sewer Funds. It was also discussed whether the Village should look at the capacity of the Water Fund issuance of debt for completion of capital projects.

Mr. Berg continued with review of the three pension funds (p. 83) and reviewed general IMRF phasing funds and it was asked that staff look at whether the cost of borrowing to meet deferral of IMRF debt would be financially advantageous to the Village. CFO

Lesner to research it should be in excess of roughly \$600K. There was also a brief discussion on the projection that in FY2013 there will likely be a pension increase in Police and Fire Pension Funds.

The Committee asked for a July or August discussion of the difference in pension requirements for police and fire and IMRF via a chart. Trustee Johnson asked for a review of the deposit and investment strategy of the Fire and Police Pension Funds. It was explained generally that the Police and Fire Pension Boards are created in State Statute and the individual Boards receive an actuarial analysis that drives options available to the Village Board of Trustees in terms of the levy that is required to fund the Police and Fire Pension obligation of the Obligation.

Mr. Berg presented the Management Letter and noted the day to day bookkeeping has improved substantially stating that this year there were 14 items (Journal Entries) that staff is still working on. Overall there is improvement with a bit of a ways to go – noting that the organization is moving in the right direction.

Trustee Hedges noted that he is still concerned about the comments that are stated year after year and would like to know if these are attributed to resources or talent and wants the Village to progress in the direction of a clean letter.

Mr. Berg noted that one of the largest areas was cash management and bank reconciliations being completed on a timely basis and dedication of resources in that area was correct.

Trustee Johnson reviewed the process of budget amendments (p. 96).

President Pope requested that an update be made to p. 161 to include a trend line minus the pension contributions and suggested this information be included in the next OP FYI to graphically show the pension trend lines.

Interim Manager Pavlicek requested a review of the Internal Service Funds and RICO Fund.

Prior to adjourning the meeting, the Minutes of the May 29, 2012 meeting of the Finance Committee were discussed. A motion was made by Trustee Tucker to approve the minutes, with typographical errors corrected. Seconded by Trustee Hedges. Ayes: all. Nays: none. Motion approved.

A motion was made by Trustee Brewer to adjourn. Seconded by Trustee Tucker. Ayes: all. Nays: none. Motion approved.

The meeting was adjourned at 7:35 p.m.